

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 2319 - HB 2840**

March 6, 2022

**SUMMARY OF BILL:** Requires the Division of TennCare (Division), in consultation with and subject to approval of the Commissioner of Finance and Administration, to develop and implement a program similar to the Centers for Medicare and Medicaid Services' Emergency Triage, Treat, and Transport (ET3) model.

**FISCAL IMPACT:**

**Increase State Expenditures – Net Impact - \$561,700/FY22-23 and Subsequent Years**

**Increase Federal Expenditures – Net Impact - \$1,098,500/  
FY22-23 and Subsequent Years**

Assumptions:

- Pursuant to the proposed legislation, emergency transport services are able to triage individuals while transporting them to emergency rooms (triage), treat an individual at their home (treat), or transport individuals to urgent care or their primary care physician (transport). Based on information provided to managed care organizations (MCOs), 35 percent of situations are “triage”, 50 percent are “treat”, and 15 percent are “transport”.
- Currently, the average cost for “triage” is \$735. However, under the proposed legislation the cost will increase to \$1,010. This will lead to an increase in expenditures of \$275 (\$1,010 - \$735) per encounter. At a rate of 1,000 encounters, the proposed legislation will increase expenditures by \$96,250 (1,000 x 35% x \$275).
- Currently, the average cost for “treat” is \$440. However, under the proposed legislation the cost will increase to \$515. This will lead to an increase in expenditures of \$75 (\$515 - \$440) per encounter. At a rate of 1,000 encounters, the proposed legislation will increase expenditures by \$11,250 (1,000 x 15% x \$75).
- Currently, the average cost for “transport” is \$440. However, under the proposed legislation the cost will decrease to \$330. This will lead to a decrease in expenditures of \$110 (\$440 - \$330) per encounter. At a rate of 1,000 encounters, the proposed legislation will decrease expenditures by \$55,000 (1,000 x 50% x \$110).
- The net increase in expenditures is estimated to be \$52,500 (\$96,250 + \$11,250 - \$55,000) per 1,000 encounters.
- As of calendar year 2019, the three current ET3 providers had 31,624 encounters. Assuming that this number stays consistent and that these three providers participate in

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the ET3 model of the proposed legislation, there will be an increase in expenditures of \$1,660,260  $[(31,624 / 1,000) \times \$52,500]$ .

- Medicaid expenditures receive matching funds at a rate of 66.165 percent federal funds to 33.835 percent state funds. Of this amount \$561,749  $(\$1,660,260 \times 33.835\%)$  will be in state funds and \$1,098,511  $(\$1,660,260 \times 66.165\%)$  will be in federal funds.

## **IMPACT TO COMMERCE:**

### **NOT SIGNIFICANT**

Assumption:

- The provisions of the proposed legislation will not result in any significant impact to jobs or commerce in Tennessee.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/cd